

ANNUAL REPORT 2012

10 years of dedication and innovation
for development in Vietnam



THE DARIU FOUNDATION
Investment In Education

Our Mission

The mission of The Dariu Foundation is every low income family has access to microfinance services to improve their life quality and children's education.

Table of contents

Letter from the President	3	
		4 Story told by Mr. Michael Ringier
Mr. Ringier's 2012 field trip	5	
		6 About Ringier AG
Microfinance highlights	7	
		8 Small loans to big cows
From riding to thriving	9	
		10 Scholarship highlights
School-building highlights	13	
		14 Mobile school highlights
Children's dream to be realized	17	
		18 2012 Financial position

Letter from President

“We are so proud of the work and achievements resulted in the last ten years, and we become more proud of your continued support and trust, which makes our mission visible.”

2012 marks full 10 years of operation by The Dariu Foundation in Vietnam. We fulfill and advance our mission by providing access to microfinancial services for the unbankable, and building brighter futures for their families and children.

This year also sees our great expansion of not only microfinance but other education projects, including the innovative mobile schools. Our organization has been recognized as top-tier microfinance institutions, and international non-governmental organizations for 6 and 3 consecutive years, respectively, in Vietnam.



In 2012, we face a number of challenges for the microfinance program due to the national economic slowdown. However, we have resumed the track in the ending months of the year, and reaching the loan disbursement record ever since of US \$4.5 million, and maintaining a sound sustainability.

We also receive continued support for our education projects, enabling us to awarding over 1,500 scholarships for the disadvantaged students, and building three kindergartens. Especially, the number of MOBILE SCHOOLS has increased from just one in 2011 to 5 in 2012, creating training access to computers and internet skills for around 4,500 students per annum. The project continues receiving greater attention and support at domestic and international levels.

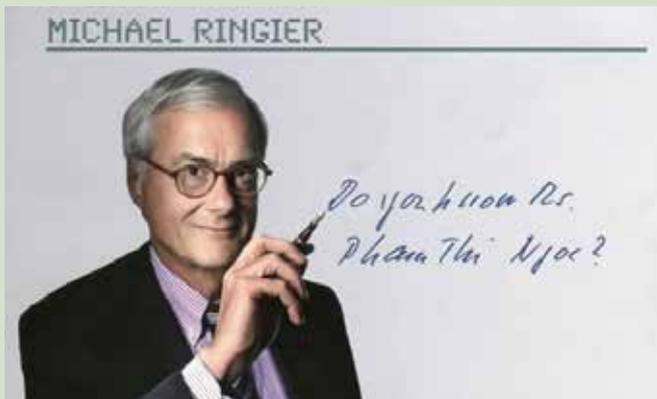
We are so proud of the work and achievements resulted in the last ten years, and we become more proud of your continued support and trust, which makes our mission visible.

Sincerely,
Thomas Trueb, *President of The Dariu Foundation*

Story told by Mr. Michael Ringier

Trüb himself may have a little less money, but instead he enjoys the immeasurable satisfaction of having created something sustainable and valuable, not only for Ringier.

Everyone who is in any way in touch with the media knows who Mark Zuckerberg is, especially since the Facebook IPO. His entrepreneurial achievement is certainly impressive; whether his business is truly sustainable remains to be seen. However, do you know Mrs. Pham Thi Ngoc? Probably not, even though she, too, has accomplished a remarkable entrepreneurial achievement. A few weeks ago, my family and I visited her in the Mekong Delta. Mrs. Ngoc does not work in an air-conditioned office but outside, in 95°F heat and 90 percent humidity. Her business does not involve software but a very soft hardware: pigs. Using a microcredit from The Dariu Foundation - which you'll find via the new Ringier homepage - she bought two piglets.



Michael Ringier, *President of Ringier AG*

One of them was raised to be a sow; the other was sold as a full-grown pig. The profit was reinvested in more piglets. Today Mrs. Ngoc generates an annual turnover of 50,000 US dollars. Her business model is genuinely sustainable. Mrs. Thach Thi My Duong has also proven her entrepreneurial mettle. A 100-dollar credit enabled her to buy bamboo, and now she manufactures large baskets that are mainly used for transporting chickens. As she did not know how such baskets were made she bought one, took it apart and painstakingly rebuilt it. Her new skill earns her five dollars instead of one dollar a day and allows her to send her daughter to school.

What lessons can we learn from this story? One: Practically everyone has the potential to develop entrepreneurial initiative if they're given an opportunity. It is up to us to create an appropriate environment for that to happen. Two: A successful entrepreneur should not only care about making lots of money. It is much more meaningful and satisfying to be able to do something for others as well. That is what Thomas Trüb did when he established the Dariu Foundation ten years ago. Thanks to him, thousands of Vietnamese now have a much better life.



About Ringier AG

Corporate social responsibility is part of Ringier's business policy. Ringier lives up to its commitment by providing continuous support and valued contributions for The Dariu Foudnation for the last ten years in Vietnam.

Ringier is the largest internationally operating Swiss media company, producing over 120 newspapers and magazines. It also runs printing plants, several radio and TV stations and well over 80 web and mobile platforms with a worldwide staff of approximately 7,500 employees. With its 180-year history, Ringier stands for a pioneering spirit and individuality as well as independence, freedom of expression and diversity of information. The company's hallmarks are excellence in products, journalistic quality and exceptional entertainment. Founded in Switzerland in 1833, Ringier has been family run for five generations.



As a media company, Ringier assumes responsibility in a social context extending beyond the realm of the company's business activities. Through foundations or selected projects it engages in fields related to its competencies. Ringier promotes initiatives aimed at improving conditions for diversity and freedom in media. Publisher Michael Ringier is a member of the patrons' committee of Reporters without Borders in Switzerland.

The activities of the Hans Ringier Foundation for example focus on supporting young journalists as well as quality in journalism. Besides, Ringier has been providing for more than 10 years continuous support and valued contributions as its coporate social responsibility committment for The Dariu Foudnation, founded by a Ringier board member Thomas Trueb who has been working for Ringier over the last 30 years. Ringier AG and its board members commit to be the main supporters for The Dariu Foundation in the next chapters.

Microfinance highlights

	In 2012		In 10 years
Active clients	13,000		20,000 and more families benefited
Loan portfolio	US \$ 2,700,000		298 billion VND of loan disbursement value, or
Loan disbursement value	US \$ 4,300,000		14 milion USD at today exchange rate
Total lent loans	12,000		80,000 loan lent in the period
Three-year clients out of poverty line	60%		60% of total clients as the poorest reached

Small loans to big cows

“Our income was less than US \$1.0 per day in 2008 and now reaching \$800.00 per months for 4 persons. From a small loan, now we have cows, goats, other animals and are able to afford a good new house.”



51 years old Ho Thi Nga, is a farmer living with her family in the Dong Nai province, 160 km north-east of Ho Chi Minh City. Nga and her husband, Huynh Kim Hung, have two sons of 21- and 18 years old.

Her family was recorded as living under the national poverty line prior 2008 the year she started joining the microfinance program of The Dariu Foundation. Only by then Nga could have access to financial services the poor and poorest families normally not have access to.

Like other clients, she has taken several loans from TDF, investing in raising cows, goats, pigs, chickens, ducks, doves, and growing vegetables. “Our income was less than US \$1.0 per day in 2008 and now reaching \$800.00 per months for 4 persons.

In 2012, she withdraws her savings of \$9,000.00 and selling two cows for \$3,500 to build a new house, which takes a life for many to afford.

This is just one story. Since 2002, The Dariu Foundation has been assisting numerous families in Dong Nai and Vinh Long provinces to grow out of poverty from small loans and with weekly repayments.



From riding to thriving

Unfortunately, a lack of transportation limited Nhung and Can's ability to find work. They were only able to take jobs at nearby villages within walking distance and found the amount of work available in these places to be sparse.

Tran Thi Cam Nhung is a farmer living with her family in the Vinh Long province of southern Vietnam. Nhung and her husband, Nguyen Van Can, have two children, a 5-year-old son and a 13-year-old daughter. In 2009, Nhung joined TDF microfinance program which offers low-income families such as Nhung's with microloans to assist them in generating jobs, incomes and savings.

Nhung took out several loans for the purpose of investing in her farm, on which she grows rice and various vegetables and raises animals such as pigs and chickens. Her daughter, currently in seventh



grade, spends half her days at school and half at home, helping her mother on the farm, looking after her brother. The father works at construction site and brick manufacturing plants. Nhung, too, works various labor-intensive positions.

However, in September of 2012, out of hundreds of disadvantaged women, Ms. Nhung was chosen to receive a used bicycle jointly donated by Pedals for Progress and TDF. Having the bicycle has since proven to be a great boon to the family's livelihood, helping them in every facet of their daily routine.

Now Nhung is able to make more money from her farm by transporting eggs, vegetables, chickens, and pork to the local market for sale early every morning. Afterward, her husband will ride the bike to villages farther off where more masonry work is available. The couple's income has doubled, raising their earnings from \$5 to \$10 per day on average a considerable difference for a family of humble means in rural Vietnam. Furthermore, now that the couple can use their bicycle to find work more easily and make money more readily, they can gradually spend less time searching for employment and more time with their children.

Scholarship highlights

In 2012

In total, scholarship recipients 1,500

Out of total, bicycles distributed 570

Total value USD 100,000

Our scholarships: notebooks, schoolbooks, pens,
uniforms and/or bicycles

In 10 years

7,000 scholarship recipients in total

1,310 bicycles distributed out of total

700,000 USD in value of scholarships

Rice, notebooks, schoolbooks, pens, uniforms and/
or bicycles included in our scholarships





School-building highlights

	In 2012		In 10 years
Built kindergartens	4		15 kindergartens built
Total value of donations	125,000		500,000 USD and more donated
Number of kids benefited	600		3,000 families benefited from our schools
Kindergarten of three rooms, toilets, kitchen as such will costs today	USD 35,000		30,000 USD was normally used to build such a school with three rooms, toilets, kitchen

Mobile school highlights

In 2012

Organized training courses 8

Total number of students trained 570

Total value invested in facility USD 110,000

Total value invested in the project USD 126,500

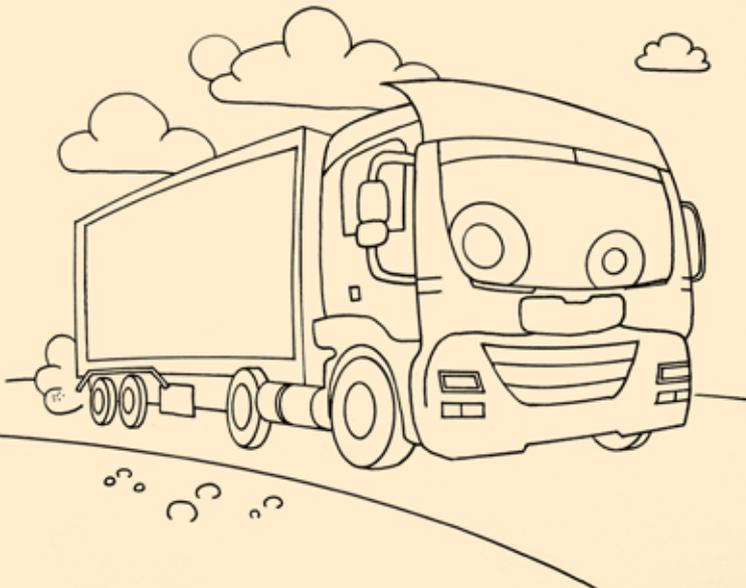
Since 2011

15 training courses organized

3,500 students and more trained in period

210,000 USD invested in facility

243,000 USD invested in the mobile school project







Children's dreams realized

Thuy is just one of nearly 4,000 students benefited from TDF's mobile school project carried out since June 2011, aimed at training rural kids with basic computer, internet skills across the rural, mountainous villages of Vietnam.



Nguyen Thi Ngoc Thuy was born on 1998 in the poor family in Vinh Long province. Her father Mr. Nguyen Van Tuong, 38 years old, is a person with disability, earning incomes as an electronics repairer and her mother Nguyen Thi Von as a farmer.

Ms. Thuy has a dream of becoming a computer technician or something like her father's job, but her parent could not afford her a \$35 computer training course at a local training center, 10 km away from her home. At school, Thuy has computer sessions, but just theory. She hardly has chances to work on computers, if any, two students sharing one computer for just 90 minutes per month.



In June 2012, Thuy joined a training course at the mobile school of TDF. She graduated in August 2012, and awarded the best student prize. Thuy said "I wish the course will be longer so I can learn more. I have learnt a lot of skills from this course. Now I know how to use basic WORD, EXCEL, EMAIL, and INTERNET. It isn't difficult as I thought at first." She added "I will join the advance course in the next summer when the mobile school comes back to my village."

2012 FINANCIAL POSITION

Unit: VND

	As at 31/12/2012			As at 1/1/2012		
	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total
ASSETS						
Current assets						
Cash on hand	808,436,784	-	808,436,784	1,191,625,667	-	1,191,625,667
Cash at bank	1,053,239,044	-	1,053,239,044	1,420,026,020	-	1,420,026,020
Cash in transit	-	-	-	-	-	-
Loans receivable	38,247,591,407	-	38,247,591,407	32,216,623,000	-	32,216,623,000
Provision for doubtful debts	(332,609,530)	-	(332,609,530)	(57,417,120)	-	(57,417,120)
Advances to suppliers	81,778,000	-	81,778,000	85,718,840	-	85,718,840
Receivables from Charity activities	-	-	-	107,867,877	-	-
Receivables from Microfinance activities	-	4,922,675,885	-	-	-	-
Other receivables	862,666,537	-	862,666,537	68,093,400	-	68,093,400
Other current assets	263,905,710	-	263,905,710	258,712,759	-	258,712,759
Total current assets	40,985,007,952	4,922,675,885	40,985,007,952	35,291,250,443	-	35,183,382,566
Non-current assets						
Loans receivable	17,661,097,593	-	17,661,097,593	14,876,255,000	-	14,876,255,000
Property, plant and equipment	342,943,043	-	342,943,043	397,017,616	-	397,017,616
Construction in progress	203,860,000	-	203,860,000	124,863,000	-	124,863,000
Other non-current assets	261,499,806	-	261,499,806	160,976,000	-	160,976,000
Total non-current assets	18,469,400,442	-	18,469,400,442	15,559,111,616	-	15,559,111,616
TOTAL ASSETS	59,454,408,394	4,922,675,885	59,454,408,394	50,850,362,059	-	50,742,494,182
EQUITY AND LIABILITIES						
Current liabilities						
Accounts payable - compulsory savings	5,979,593,872	-	5,979,593,872	6,432,905,855	-	6,432,905,855
Accounts payable - voluntary savings	3,226,115,483	-	3,226,115,483	2,885,759,883	-	2,885,759,883
Payables to employees	254,426,160	-	254,426,160	269,819,003	-	269,819,003
Payables to Microfinance activities	-	-	-	-	107,867,877	-
Payable to Charity activities	4,922,675,885	-	-	-	-	-
Payables to suppliers	105,854,638	-	105,854,638	-	-	-
Accrued liabilities	240,740,000	-	240,740,000	141,437,680	-	141,437,680
Other payables	404,541,047	-	404,541,047	272,951,725	-	272,951,725
Total current liabilities	15,133,947,085	-	10,211,271,200	10,002,874,146	107,867,877	10,002,874,146
Equity						
Paid-in capital of owners	27,517,764,532	-	27,517,764,532	27,517,764,532	-	27,517,764,532
Donated equity	3,630,303,216	-	3,630,303,216	3,630,303,216	-	3,630,303,216
Retained earnings	13,172,393,561	-	13,172,393,561	9,699,420,165	-	9,699,420,165
Not asset of charity activities	-	4,922,675,885	4,922,675,885	-	(107,867,877)	(107,867,877)
Total equity	44,320,461,309	4,922,675,885	49,243,137,194	40,847,487,913	(107,867,877)	40,739,620,036
TOTAL EQUITY AND LIABILITIES	59,454,408,394	4,922,675,885	59,454,408,394	50,850,362,059	-	50,742,494,182

CONSOLIDATED STATEMENT OF ACTIVITIES

Unit: VND

	As at 31/12/2012			As at 1/1/2012		
	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total
INCOME						
Loan interest income	13,346,976,525	-	13,346,976,525	10,624,994,500	-	10,624,994,500
Donations from Dariu Switzerland	-	3,903,280,510	3,903,280,510	-	6,578,277,360	6,578,277,360
Bank interest	50,687,752	-	50,687,752	29,290,741	-	29,290,741
Foreign exchange gains	4,704,111	-	4,704,111	7,193,726	-	7,193,726
Other donations	-	4,446,174,640	4,446,174,640	1,041,145,890	200,600,000	1,241,745,890
Refund by transfer from MF activities	-	3,075,531,466	3,075,531,466	-	-	-
Other income	461,915,247	267,070,000	728,985,247	423,816,565	-	423,816,565
TOTAL INCOME	13,864,283,635	11,692,056,616	25,556,340,251	12,126,441,422	6,778,877,360	18,905,318,782
EXPENSES						
Staff salary and benefits	4,991,339,320	1,127,934,284	6,119,273,604	4,138,940,128	822,768,800	4,961,708,928
Office rental	251,675,763	59,558,588	311,234,351	227,880,750	52,160,250	280,041,000
Telephone, fax and internet	62,100,592	14,681,198	76,781,790	50,422,540	13,109,325	63,531,865
Electricity and water	33,774,793	8,479,587	42,254,380	30,687,407	5,269,125	35,956,532
Travel and transportation	171,553,885	184,965,428	356,519,313	219,996,419	142,589,931	362,586,350
Car rental	181,600,496	129,317,832	310,918,328	195,081,341	143,909,889	338,991,230
Trainings and seminars	125,610,250	15,961,100	141,571,350	118,894,663	27,057,387	145,952,050
Scholarship granting	-	572,492,415	572,492,415	-	1,915,416,500	1,915,416,500
School building, mobile school	-	3,613,425,000	3,613,425,000	-	2,715,135,969	2,715,135,969
Expenses from other donations	-	256,195,755	256,195,755	-	-	-
Stationary and other office cost	179,145,916	248,488,523	427,634,439	151,392,139	34,755,341	186,147,480
Interest expenses	252,331,233	-	252,331,233	217,137,875	-	217,137,875
Foreign exchange losses	11,214,967	3,623,355	14,838,322	54,255,241	648,492	54,903,733
Bank charges	14,749,431	4,018,838	18,768,269	19,172,480	4,910,756	24,083,236
Depreciation expenses	195,701,515	18,639,900	214,341,415	152,085,903	22,528,886	174,614,789
Provision for doubtful debts	347,029,910	-	347,029,910	68,311,140	-	68,311,140
Refund by transfer to Charity activities	3,075,531,466	-	3,075,531,466	-	-	-
Other expenses	497,950,706	403,731,047	901,681,753	537,673,177	311,678,927	849,352,104
TOTAL EXPENSES	10,391,310,239	6,661,512,854	17,052,823,093	6,181,931,203	6,211,939,578	12,393,870,781
EXCESS OF REVENUE OVER EXPENSES	3,472,973,396	5,030,543,762	8,503,517,158	5,944,510,219	566,937,782	6,511,448,001

2012 FINANCIAL POSITION

Unit: USD

	As at 31/12/2012			As at 1/1/2012		
	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total
ASSETS						
Current assets						
Cash on hand	38,767	-	38,767	57,591	-	57,591
Cash at bank	50,505	-	50,505	68,630	-	68,630
Cash in transit	-	-	-	-	-	0
Loans receivable	1,834,065	-	1,834,065	1,557,036	-	1,557,036
Provision for doubtful debts	(15,949)	-	(15,949)	(2,775)	-	(2,775)
Advances to suppliers	3,921	-	3,921	4,143	-	4,143
Receivables from Charity activities	-	-	-	5,213	-	5,213
Receivables from Microfinance activities	-	236,054	236,054	-	-	0
Other receivables	41,367	-	41,367	3,291	-	3,291
Other current assets	12,655	-	12,655	12,504	-	12,504
Total current assets	1,965,331	236,054	2,201,385	1,705,633	-	1,705,633
Non-current assets						
Loans receivable	846,893	-	846,893	718,972	-	718,972
Property, plant and equipment	16,445	-	16,445	19,188	-	19,188
Construction in progress	9,776	-	9,776	6,035	-	6,035
Other non-current assets	12,540	-	12,540	7,780	-	7,780
Total non-current assets	885,653	-	885,653	751,975	-	751,975
TOTAL ASSETS	2,850,983	236,054	3,087,038	2,457,608	-	2,457,608
EQUITY AND LIABILITIES						
Current liabilities						
Accounts payable - compulsory savings	286,736	-	286,736	310,904	-	310,904
Accounts payable - voluntary savings	154,700	-	154,700	139,469	-	139,469
Payables to employees	12,200	-	12,200	13,040	-	13,040
Payables to Microfinance activities	-	-	-	-	5,213	5,213
Payable to Charity activities	236,054	-	236,054	-	-	0
Payables to suppliers	5,076	-	5,076	-	-	0
Accrued liabilities	11,544	-	11,544	6,836	-	6,836
Other payables	19,399	-	19,399	13,192	-	13,192
Total current liabilities	725,710	-	725,710	483,441	5,213	488,654
Equity						
Paid-in capital of owners	1,319,544	-	1,319,544	1,329,939	-	1,329,939
Donated equity	174,082	-	174,082	175,453	-	175,453
Retained earnings	631,648	-	631,648	468,775	-	468,775
Not asset of charity activities	-	236,054	236,054	-	(5,213)	(5,213)
Total equity	2,125,274	236,054	2,361,328	1,974,167	(5,213)	1,968,954
TOTAL EQUITY AND LIABILITIES	2,850,983	236,054	3,087,038	2,457,608	0	2,457,658

CONSOLIDATED STATEMENT OF ACTIVITIES

Unit: USD

	As at 31/12/2012			As at 1/1/2012		
	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total	MICROFINANCE ACTIVITY	CHARITY ACTIVITIES	Total
INCOME						
Loan interest income	640,020	-	640,020	513,508	-	513,508
Donations from Dariu Switzerland	-	187,172	187,172	-	317,929	317,929
Bank interest	2,431	-	2,431	1,416	-	1,416
Foreign exchange gains	226	-	226	348	-	348
Other donations	-	213,205	213,205	50,319	9,695	60,014
Refund by transfer from MF activities	-	147,479	147,479	-	-	-
Other income	22,150	12,807	34,957	20,483	-	20,483
TOTAL INCOME	664,826	560,663	1,225,489	586,073	327,624	913,698
EXPENSES						
Staff salary and benefits	239,347	54,087	293,434	200,036	39,765	239,800
Office rental	12,068	2,856	14,924	11,014	2,521	13,534
Telephone, fax and internet	2,978	704	3,682	2,437	634	3,071
Electricity and water	1,620	407	2,026	1,483	255	1,738
Travel and transportation	8,226	8,870	17,096	10,632	6,891	17,524
Car rental	8,708	6,201	14,909	9,428	6,955	16,384
Trainings and seminars	6,023	765	6,789	5,746	1,308	7,054
Scholarship granting	-	27,452	27,452	-	92,572	92,572
School building, mobile school	-	173,273	173,273	-	131,223	131,223
Expenses from other donations	-	12,285	12,285	-	-	-
Stationary and other office cost	8,590	11,916	20,506	7,317	1,680	8,997
Interest expenses	12,100	-	12,100	10,494	-	10,494
Foreign exchange losses	538	174	712	2,622	31	2,654
Bank charges	707	193	900	927	237	1,164
Depreciation expenses	9,384	894	10,278	7,350	1,089	8,439
Provision for doubtful debts	16,641	-	16,641	3,301	-	3,301
Refund by transfer to Charity activities	147,479	-	147,479	-	-	-
Other expenses	23,878	19,360	43,238	25,986	15,064	41,049
TOTAL EXPENSES	498,289	319,436	817,724	298,774	300,224	598,998
EXCESS OF REVENUE OVER EXPENSES	166,538	241,227	407,764	287,299	27,400	314,700

Average exchange rate 2012: 1 USD = 20,854 VND; 2011: 1 USD = 20,691 VND

Awards

Top ten MFI 2012



Top 100 INGO 2012



Top seven MFI 2011



Top 100 INGO 2011



Top seven MFI 2010



Top 100 INGO 2010



Top five MFI 2009



Top three MFI 2008



Top ten MFI 2007



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